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No. 82-340

IN THE

Supreme Court of the United States

October Term, 1982

WILLIAM GLADSTONE and RODNEY LANG, doing business as ARTHUR YOUNG & CO., and HARLEY-DAVIDSON MOTOR CO., INC.,

Petitioners,

v.

M. BRYCE & ASSOCIATES, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE COURT OF APPEALS OF WISCONSIN, DISTRICT I

REPLY BRIEF IN SUPPORT OF CERTIORARI

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ARGUMENT

Respondent has not disputed the importance of the constitutional question presented herein. Nor has it discussed the merits.

Instead, it has interposed two baseless procedural objections to this Court's jurisdiction to review this case. The same contentions were made before the Court of Appeals of Wisconsin and were found so lacking in substance that the court did not even acknowledge them in its lengthy opinion.

Respondent's first procedural objection is that, in addition to the trade secret claim to which the petition for *certiorari* is addressed, the jury also found in its favor on breach of contract grounds, which it now urges as an independent state ground for sustaining the judgment below. (Opp. 2-4.) This contention must fail for several reasons.

First, this alleged "independent state ground" was not even mentioned, much less relied upon, by the Wisconsin Court of Appeals. Although respondent argued this point to the Court of Appeals as a ground for avoiding the trade secret and Supremecy Clause issues, the court refused even to discuss the point.

Rather, it dealt at length and on the merits with the issue presented in the petition. (App. D-12 to D-25.) It is well-established that an independent state ground bars review by this Court only if it has been relied upon by the highest state court which has reviewed the matter. *Orr v. Orr*, 440 U.S. 268, 276-77 & n. 6 (1979):

> [O]ur course is clear and dictated by a long line of decisions. "Where the state court does not decide against a petitioner or appellant upon an independent state ground, but deeming the federal question to be before it, actually entertains and decides that question adversely to the federal right asserted, this Court has jurisdiction to review the judgment if, as here, it is a final judgment. We cannot refuse jurisdiction because the state court might have based its decision, consistently with the record, upon an independent and adequate nonfederal ground."

Id. at 276-77, quoting with approval from *Indiana ex. rel. Anderson v. Brand*, 303 U.S. 95, 98 (1938).[1]

Further, the so-called contractual claim is not, in fact, an independent ground for sustaining the judgment. The contractual claim is not independent of the trade secret claim, but is entirely intertwined therewith because of Wisconsin substantive law.[2]

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1. *Accord, Steele v. Louisville & Nashville Railroad Co.*, 323 U.S. 192, 197 n.1 (1944); *Cicenia v. Lagay*, 357 U.S. 504, 507 n.2 (1958).

2. Under Wisconsin law, a non-disclosure contract such as that at issue here is an unenforceable restraint of trade unless it protects a trade secret. *Gary Van Zeeland Talent, Inc. v. Sandas*, 84 Wis. 2d 202, 209, 267 N.W.2d 242 (1978). The trial court so recognized. (Memorandum Decision of November 8, 1979.) Thus, if the trade secret claim is invalid, the breach of contract claim fails as well, and the purported independent ground is simply not independent.

In any event, assuming *arguendo* that the Wisconsin courts would permit a proprietor of federally copyrighted, published material to enforce a contractual provision prohibiting the use of information contained therein, that application of state contract law would be subject to the same infirmity under the Supremacy Clause as petitioners present here to the trade secret claim.

Respondent's second objection to this Court's jurisdiction is that the question presented herein was not raised in the courts below. (Opp. 4-5.) There is no basis for this contention, as mere inspection of the lower court opinions establishes.

The question presented to this Court—whether the Supremacy Clause permits a state trade secret law to apply to a published work protected by federal copyright law—is precisely the same question which was presented to (a) the trial court on summary judgment (App. F-1 to F-7) and post-trial motions (App. G-33), (b) the Wisconsin Court of Appeals (App. D-12 to D-25), and (c) the Wisconsin Supreme Court (App. C-1). Both the trial court and the Court of Appeals discussed the issue at length. In sum, petitioners have never varied in asserting this argument.[3]

CONCLUSION

In sum, respondent has not disputed the significance of the issue presented herein, but instead has invited this Court to avoid the merits on two bases which simply will not withstand scrutiny. The importance of the issue has been underscored since the filing of the petition by additional commentary on this issue,[4] and by the

3. Respondent's repeated references to the alleged oral component of the trade secret are mystifying, as they have nothing to do with this issue or with proper resolution of the case. Respondent has claimed throughout the case that its trade secret was embodied both in its copyrighted manual and in an oral presentation. Petitioner has claimed throughout the case that the Supremacy Clause barred this trade secret claim because the written manual containing the purported trade secret was copyrighted. Thus, as noted above, petitioners' argument has not changed.

Respondent's effort somehow to insulate the judgment from review by relying upon some alleged oral component of the trade secret is equally without substance. This same contention was presented to and ignored by the Wisconsin Court of Appeals, for the obvious reason that the invalidity of the trade secret in the written manual would plainly undermine the entire jury verdict.

Finally, this argument is nothing more than a "red herring," since Mr. Bryce admitted that his oral presentation did not include any trade secret material which was not also contained in the written manual, although he later sought to avoid this concession.

4. Whitebook and Tosi, *Protecting Computerland's Fragile New Trade Secrets*, 2 California Lawyer 43, 47 (October, 1982).

continued litigation of cases involving a copyright/trade secret conflict (*see* Petition at 8 n.6), one of which has recently been decided by the U.S. Court of Appeals for the Seventh Circuit and will be the subject of a petition for *certiorari* in the near future.[5]

The issue presented by the petition is ripe for definitive resolution. Indeed, the mushrooming computer and software industry[6] ensures that, unless resolved now, the issue repeatedly will be presented to the lower courts and this Court. Substantial judicial economy, consistency of decisions, and certainty concerning the rights and responsibilities of creators and users of intellectual property will flow from a grant of *certiorari*.

For the reasons stated above and in the petition for *certiorari*, this Court should issue a writ of *certiorari* to the Court of Appeals of Wisconsin, Division I.

DATED: October 6, 1982

Respectfully submitted,

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5. *Technicon Medical Information Systems Corp. v. Green Bay Packaging Inc.*, No. 81-1469 (7th Cir. Aug. 30, 1982). Counsel for petitioner Arthur Young & Company have been advised that this petition will be filed on, or shortly after, October 15, 1982.

6. In 1980 the Copyright Act of 1976 was amended expressly to extend federal copyright protection to computer programs and data bases. Pub. L. No. 96-517, § 10; 94 Stat. 3015, 3028-29; 17 U.S.C. §§ 101, 117 (Supp. IV 1980). The extension of copyright protection to an area previously protected exclusively by trade secret, materially increases the likelihood of conflict between these dual, but alternative, theories of protection.

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